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REMARKS

Claims 1-2, 4-6, 8-46, 48, 50 and 52-59 are present in the application. In view of the remarks which follow, reconsideration is respectfully requested.

Comments Regarding Office Action of July 11, 2003

On May 23, 2003, the Examiner issued a prior Office Action, which was indicated to be a "final" rejection. On June 27, 2003, Applicant filed by facsimile an Amendment, which was a complete and proper response to all issues raised in the May 23 Office Action. Subsequently, on July 11, 2003, the Examiner issued a further Office Action, which indicates that it is restarting the shortened statutory period for a response to the prior Office Action mailed on May 23, 2003. However, this is procedurally confusing.

To begin with, the July 11 Office Action does not indicate whether or not the Examiner entered the Amendment filed on June 27, 2003. In light of the PTO rule changes which took effect on July 30, 2003, and which modified the amendment procedures under 37 C.F.R. §1.121, it is now critical that an examiner always specifically indicate whether or not the examiner has entered each amendment or response filed since the examiner's last communication. In the present situation, the June 27 Amendment was a complete and proper reply to the May 23 Office Action. To the extent that the Assignee has invested significant effort and expense in filing a complete response, it would be inappropriate for the Examiner to completely ignore it. Therefore, since there has been no indication that the June 27

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Amendment was denied entry, and since there has been no indication that the June 27 Amendment was incomplete or defective in any way, it assumed that the June 27 Amendment has in fact been entered, such that Claim 57 now depends from Claim 40 rather than Claim 33.

With this in mind, and from a procedural perspective, the Office Action mailed on July 11, 2003 appears to make the best sense if it is interpreted to effectively be a new (standalone) final rejection, which basically repeats the same grounds of rejection set forth in the May 23 Office Action (through incorporation by reference). Consequently, the present Response is configured as a reply to the Office Action mailed on July 11, 2003.

#### Comments Regarding the Dahlstrom Article

The prior Office Action of May 23, 2003 included a rejection which relied on the Dahlstrom article ("Understanding the Need for Micro Payments in the Digital Age"). The May 23 Office Action relied on some quoted language, but the quoted language did not appear anywhere in the copy of the Dahlstrom article which the PTO originally provided Applicant, and Applicant pointed this out in the Amendment filed on June 27, 2003. Apparently, when the PTO first sent a copy of the Dahlstrom article to Applicant, the PTO omitted two of the five pages of the article.

The Office Action mailed on July 11, 2003 therefore indicated that it was accompanied by a complete copy of the Dahlstrom article. However, one of the five pages of the Dahlstrom article was still missing. The undersigned telephoned

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Examiner Garg, and the Examiner sent a copy of that missing page by facsimile on July 22, 2003. At this point, Applicant finally had in hand a copy of all five page of the version of the Dahlstrom article which the PTO had been trying to provide to Applicant. However, upon reviewing this version of the Dahlstrom article, Applicant found that certain portions were illegible and/or missing.

For example, the version of the Dahlstrom article provided to Applicant is a printout of an Internet Web page and, in the middle of page 2, there are boxes containing text that can only be enlarged to a readable size by clicking on a hyperlink. However, it is not possible to click on these hyperlinks once the Web page has been printed on paper. Consequently, Applicant still did not have access to the entire Dahlstrom article.

As noted above, the copy of Dahlstrom article provided by the PTO was generated by printing on paper an electronic version of the Dahlstrom article which was downloaded from an Internet Web site. However, the Dahlstrom article was originally published in paper form, in a periodical entitled "Banking Policy Report". Consequently, in view of the problems discussed above, such as missing and/or illegible text, Applicant obtained a copy of the Dahlstrom article as it was originally published in paper form. As a courtesy to the Examiner, a copy of that paper version of the Dahlstrom article is enclosed.

As one example of the problems with the PTO's Internet version of Dahlstrom, the Examiner's attention is respectfully directed to the enclosed version of Dahlstrom, and in particular

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to the entirety of page 3 and also the first thirteen lines in the left column on page 4. All of this material is missing in its entirety from the Internet version of Dahlstrom provided by the PTO. To the extent that the remainder of this Response refers to the Dahlstrom article, it is referring to the enclosed version of Dahlstrom (as originally published), rather than to the PTO's Internet version.

Premature Finality

Applicant respectfully traverses the finality of the Office Action mailed on July 11, 2003. In particular, this Office Action includes claim rejections which rely on the Dahlstrom article, and which in particular rely on language drawn from portions of Dahlstrom that were not provided to Applicant prior to mailing of the Office Action on July 11, 2003. In fact, even the copy of the Dahlstrom article which accompanied the July 11 Office Action was incomplete, and did not include all of the language on which the Examiner was relying.

To the extent that the Examiner is presently relying on portions of a reference which were never provided to Applicant prior to mailing of the July 11 Office Action, any rejection based on those pages is, in effect, a rejection based on newly-cited art. The Examiner seems to be assuming that, since Dahlstrom was cited on a Form PTO-892 in the Office Action mailed on November 7, 2002, Dahlstrom is not a newly-cited reference. However, the July 11 Office Action imposes rejections which rely on pages of Dahlstrom that were never provided to Applicant prior to mailing of the July 11, 2003

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Office Action, and one of these pages was not provided to Applicant until nearly two weeks after mailing of the July 11 Office Action.

Moreover, and as discussed above, the PTO has never actually provided Applicant with a truly complete copy of the Dahlstrom article, because the PTO's Internet version of the article does not include all of the relevant text and figures presented in the originally-published version of the article. It is therefore respectfully submitted that the Office Action mailed on July 11, 2003 should not be a "final" rejection, and it is respectfully requested that the Examiner withdraw the finality of this Office Action.

#### Functional Language

Applicant's prior Responses have pointed out (1) that case law has established that functional claim language must be taken into account, and (2) that the PTO is legally bound by these court decisions and adheres to this requirement. The pending Office Action of July 11, 2003 repeats a rejection from the prior Office Action mailed on May 23, 2002 (in the last paragraph on page 2 and first paragraph on page 3). In particular, the Examiner admits that case law requires that functional language be taken into account, but asserts that this is only true for the purpose of analyzing claims under 35 U.S.C. §112, and not for the purpose of analyzing whether a claim is distinct from the prior art under 35 U.S.C. §§102 and 103.

In short, the Examiner asserts that even though functional language must be taken into account under §112, it must be ignored for purposes of §§102 and 103. Hypothetically,

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this means that if a claim has a functional limitation which is needed in order for its scope to be definite, then the claim has a definite scope for purposes of §112, but an indefinite scope for purposes of §§102 and 103. This makes no sense, and Applicant respectfully submits that the position taken in the Office Action is baseless. There is no statute or rule which authorizes the PTO to take a portion of a claim into account for purposes of §112, while ignoring the same portion of the claim for purposes of §§102 and 103, such that the claim has one scope for purposes of §112, and an entirely different scope for purposes of §§102 and 103. Claim language which is taken into account for the purpose of analyzing a claim under §112 is also taken into account for the purpose of analyzing that claim under §§102 and 103. Since the Examiner has admitted that case law and PTO policy require functional language to be taken into account for purposes of §112, Applicant respectfully submits that there is no merit in the assertion that the same language can be ignored for purposes for §§102 and 103.

Independent Claim 1

Claim 1 stands rejected under 35 U.S.C. §102 as anticipated by Weber U.S. Patent No. 5,889,863. This ground of rejection is respectfully traversed, for the following reasons.

Claim 1 recites a processor which is operable to "determine whether the financial transaction involves a micro-payment", and to then handle the transaction in one of two different ways, depending on whether or not it was determined that the transaction should involve a micro-payment. The Examiner has noted that the Weber patent makes a vague reference

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to micro-payments. For example, at lines 24-28 in column 15, Weber states that a payment gateway has "support built in to accommodate future payment instruments such as . . . micro-payments". However, aside from this type of extremely vague reference to micro-payments, Weber does not provide any detailed disclosure of exactly how the use of micro-payments could actually be implemented. More important, Weber appears to have absolutely no disclosure of the concept of having a processor determine whether or not a particular financial transaction should involve a micro-payment, and then handling that financial transaction in one of two different ways, depending on whether or not the processor decided the transaction should involve a micro-payment.

In explaining the rejection of Claim 1 based on Weber, the Examiner does not assert that Weber discloses the concept of having a processor determine whether or not a particular financial transaction should involve a micro-payment, and then handling that financial transaction in one of two different ways, depending on whether or not the processor decided the transaction should involve a micro-payment. Instead, in the last paragraph on page 6, the Examiner merely asserts that these limitations of Claim 1 are functional limitations which can be completely ignored for purposes of §102 (even though the Examiner admits at the bottom of page 2 that the same limitations must be taken into account for purposes of §112). Applicant respectfully submits that these limitations cannot be ignored for purposes of §102, and that when these limitations are taken into account, they clearly distinguish Claim 2 from the Weber patent, because Weber does not disclose anything even

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remotely similar. Consequently, since Weber does not disclose each and every element recited in Claim 1, Claim 1 is not anticipated by Weber under §102. Accordingly, Claim 1 is believed to be allowable, and notice to that effect is respectfully requested.

Independent Claim 48

Independent Claim 48 stands rejected under 35 U.S.C. §102 as anticipated by Weber. The reason given for this rejection is the same reason given for the rejection of Claim 1 based on Weber. This ground of rejection for Claim 48 is respectfully traversed, for the following reasons.

Claim 48 recites a processor which is operable to determine "whether the financial transaction involves a micro-payment", and to then handle the financial transaction in one of two different ways, depending on whether or not it was determined that the transaction should involve a micro-payment. It is respectfully submitted that Claim 48 is patentably distinct from the Weber patent, for the same basic reasons discussed above with respect to Claim 1. In particular, the Examiner does not demonstrate that Weber actually discloses this distinct subject matter, but instead asserts that although the limitations in Claim 48 which recite this distinctive subject matter must be taken into account for purposes of §112, these same limitations can be ignored for purposes for §102. Applicants respectfully submit that these limitations cannot be ignored for purposes of §102 and that, when taken into account, they recite subject matter which is clearly not present in Weber. Weber thus does not disclose each and every element



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recited in Claim 48, and Claim 48 is therefore not anticipated by Weber under §102. Accordingly, Claim 48 is believed to be allowable, and notice to that effect is respectfully requested.

Independent Claim 19

Independent Claim 19 stands rejected under 35 U.S.C. §102 as anticipated by Elgamal U.S. Patent No. 6,138,107. This ground of rejection is respectfully traversed, for the following reasons.

Claim 19 recites a method which includes "determining in an automated manner whether the financial transaction involves a micro-payment". In Elgamal, the text at lines 21-31 in column 7 explains how Elgamal implements a micro-payment transaction. In particular, Elgamal explains that a customer (1) shops electronically through a network, (2) decides to buy a particular item, and (3) then decides whether or not he will pay for the item with his micro-payment Electronic Money Account (EMA), rather than with his credit cards or a bank account. Elgamal goes on to explain exactly how this micro-payment transaction is carried out. It should be noted that, once the customer makes the decision about whether or not the transaction should involve a micro-payment, the transaction is then carried out to conclusion in a pre-defined manner without any computer making an automated determination about whether or not the transaction should involve a micro-payment.

As noted above, the Office Action of July 11, 2003 repeats a rejection set forth in the Office Action of May 23, 2003, where the Examiner asserted on page 4 that "Elgamal teaches automated determination" of whether or not the

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transaction should involve a micro-payment. In support of this assertion, the Examiner went on to make the further assertion that the "merchant" and the "customer" in Elgamal are each a software application program, because Elgamal refers (in lines 16 and 25 of column 8) to "a customer application 36" and "a merchant application 42". Applicant respectfully traverses these assertions. In particular, Elgamal treats the "customer" and the "customer application 36" as separate and distinct, and also treats the "merchant" and the "merchant application 42" as separate and distinct. The "customer" is a person, whereas the "customer application 36" is a program used by the "customer". Similarly, the "merchant" is a person or persons, whereas the "merchant application 42" is a program used by the "merchant". Elgamal makes it clear (for example at lines 21-27 of column 7) that it is the "customer" (rather than the "customer application 36") who "shops on the network and decides to buy an item", and who then makes the decision regarding whether or not the transaction will involve a micro-payment. This decision by the customer is not automated.

Thus, Elgamal does not appear to teach or suggest any type of automated determination of whether or not a given transaction should involve a micro-payment. Therefore, it is respectfully submitted that Elgamal does not disclose each and every feature recited in Claim 19, and that Claim 19 is thus not anticipated under §102 by Elgamal. Accordingly, Claim 19 is believed to be allowable, and notice to that effect is respectfully requested.

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Independent Claim 33

Claim 33 stands rejected under 35 U.S.C. §102 as anticipated by Elgamal. This ground of rejection is respectfully traversed. Claim 33 recites logic which is encoded in media and which is operable to "determine whether the financial transaction involves a micro-payment". As discussed above in association with Claim 19, Elgamal teaches that it is a person (namely the "customer") who makes the decision as to whether or not a transaction will involve a micro-payment, and Elgamal does not appear to teach any structure which is capable of making a determination of whether or not a particular financial transaction should involve a micro-payment. Therefore, it is respectfully submitted that Claim 33 is not anticipated by Elgamal under §102, because Elgamal does not disclose each and every feature recited in Claim 33. Claim 33 is therefore believed to be allowable, and notice to that effect is respectfully requested.

Dependent Claims 10, 24, 38 and 58

Dependent Claims 10 and 58 each stand rejected under 35 U.S.C. §103 as obvious in view of a combination of teachings from Weber and Dahlstrom, and dependent Claims 24 and 38 each stand rejected under 35 U.S.C. §103 as obvious in view of a combination of teachings from Elgamal and Dahlstrom. These grounds of rejection are respectfully traversed, for the following reasons:

Claims 10, 24, 38 and 58 each recite that the determination of whether or not a financial transaction should involve a micro-payment is effected as a function of (1) whether

the amount of the financial transaction is below a predetermined threshold, (2) a frequency of such financial transactions, and/or (3) an identify of the customer. The Examiner concedes that this subject matter is not disclosed in the Weber patent or in the Elgamal patent, but asserts that this subject matter is disclosed in the Dahlstrom article.

In particular, the Examiner asserts that "Dahlstrom discloses effecting determination if [sic] the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer". However, Applicant respectfully submits that this is not what Dahlstrom discloses. In this regard, it is relevant to note that MPEP §2141.02 emphasizes that a prior art reference must be considered in its entirety, including portions which teach away from an applicant's claims.

Referring to the enclosed version of the Dahlstrom article, the sentence bridging the two columns on page 3 states that: "A micro payment should be like a cash payment where no identification of the purchaser/user is needed". Therefore, and contrary to the assertions in the Office Action, Dahlstrom does not teach that a micro-payment can be effected as a function of an identify of the customer, Instead, Dahlstrom teaches directly away from this idea, and in particular teaches that a micro-payment should not be a function of the identity of the customer.

Further, Dahlstrom does not ultimately teach that the determination of whether or not a financial transaction should

involve a micro payment would be effected as a function of factors such as the amount of the transaction, or a frequency of such transactions. It is true that Dahlstrom touches on the potential use of these factors (in the section with the subtitle "What are Micro Payments?" on pages 2-3). However, Dahlstrom then goes on to take the position that these factors are not actually relevant.

More specifically, it is important to note that, in the middle of the right column on page 2, Dahlstrom states that "a 'micro payment' is not a payment method, but a *payment need*". Dahlstrom then goes to evaluate which type of payment method should be used to satisfy the micro-payment need, and ends up concluding that it is electronic cash. For example, in the first paragraph of the left column on page 6, Dahlstrom states that electronic cash "is still the only payment method that could satisfy all our payment needs", including the micro-payment need. Then, in the paragraph bridging the two columns on page 7, Dahlstrom states that: "If value is transferred directly [through the use of electronic cash], there will be no fundamental difference between micro and normal payments - all payments could be transferred with lower transaction costs. Once a higher level of trust in electronic cash is reached, these types of micro payment solutions will be used also for higher-value payments". In other words, Dahlstrom's ultimate position is that the optimum Internet payment method is electronic cash, and that use of electronic cash completely eliminates the need to try to distinguish between normal payments and micro-payments.

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Thus, Dahlstrom does not end up concluding that transaction amount, transaction frequency or customer identity are factors which should be used to determine whether a given transaction should be processed as a micro-payment. Instead, Dahlstrom ends up concluding that there is simply no need to distinguish between micro-payments and normal payments, much less based on the specific criteria which are recited in Applicant's Claim 10, 24, 38 and 58. It is thus respectfully submitted that, when the Dahlstrom article is considered in its entirety, it teaches away from the subject matter recited in Claims 10, 24, 38 and 58.

The Examiner has already admitted that Claims 10, 24, 38 and 58 recite features which are not disclosed in Weber or Elgamal, and Applicant respectfully submits that Dahlstrom teaches away from these features. Accordingly, combining the teachings of Dahlstrom with teachings from either Weber or Elgamal will essentially lead a person of ordinary skill away from the subject matter recited in Applicant's Claims 10, 24, 38 and 58. It is therefore respectfully submitted that the subject matter of these claims would not be rendered obvious under §103 based on Dahlstrom, even if considered in combination with either Weber or Elgamal. Claims 10, 24, 38 and 58 are thus believed to be allowable, and notice to that effect is respectfully requested.

Dependent Claims

Claims 2, 4-6, 8-9, 11-18 and 55 each depend from Claim 1, and are also believed to be allowable over the art of record, for example for the same reasons discussed above with respect to Claim 1.

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Claims 20-23, 25-32 and 56 each depend from Claim 19, and are also believed to be allowable over the art of record, for example for the same reasons discussed above with respect to Claim 19.

Claims 34-37, 39-46 and 57 each depend from Claim 33, and are also believed to be allowable over the art of record, for example for the same reasons discussed above with respect to Claim 33.

Claims 50, 52-54 and 59 each depend from Claim 48, and are also believed to be allowable over the art of record, for example for the same reasons discussed above with respect to Claim 48.

#### Conclusion

Based on the foregoing, it is respectfully submitted that all of the pending claims are fully allowable, and favorable reconsideration of this application is therefore respectfully requested. If the Examiner believes that examination of the present application may be advanced in any way by a telephone conference, the Examiner is invited to telephone the undersigned attorney at (214) 953-6684.

Although Applicant believes that no additional fees are due, the Commissioner is hereby authorized to charge any fee

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required by this paper, or to credit any overpayment, to Deposit  
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Respectfully submitted,  
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Enclosures: Copy of Dahlstrom article as originally  
published in "Banking Policy  
Report" (pages 1-7)